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MM 92-266/93-215



Federal Communications Commission  
Washington, D.C. 20554

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January 4, 1995

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

The Honorable Joel Hefley  
U.S. House of Representatives  
2442 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Hefley:

Thank you for your letter expressing your concern regarding the development of the Commission's cable rate regulation policy. Specifically, you express concern that the views of cable franchising authorities have not been included in discussions about the Commission's proposed policy changes.

On November 18, 1994, the Commission released its *Sixth Order on Reconsideration, Fifth Report and Order, and Seventh Notice of Proposed Rulemaking* (the "Going Forward Order"), MM Docket Nos. 92-266 and 93-215, FCC 94-286, adopting regulations for the cable television industry that provide cable operators with additional incentives to expand their services and facilities in a way that both ensures that cable rates are reasonable and expands the opportunities for cable programmers to reach viewers. Pursuant to the Administrative Procedure Act and the Commission's rules, all interested parties were given the opportunity to participate in the rulemaking proceeding through submission of written data, views, or arguments, as well as an opportunity to present the same orally.

During the drafting of the Going Forward Order, your concerns, as well as those of your constituents, were included in the record considered by the Commission. You may be interested to know that the National Association of Telecommunications Officers and Advisors (NATOA) also presented arguments in this proceeding regarding the effect of the proposed going forward rules on local franchising authorities on behalf of the many local franchising authorities within its membership. The Commission also specifically considered written comments filed by the City of St. Louis, Missouri, which raised similar issues. In addition, senior staff members of the Cable Services Bureau participated in regular telephone conferences with NATOA officials. The Commission believes that the views of the local franchising authorities were thoroughly considered.

The new rules established by the Going Forward Order create a balanced set of initiatives that allow cable operators needed incentives to add new cable programming that, in turn, will benefit subscribers. The Commission has attempted to address your concerns and those of other local authorities in the Going Forward Order. Among other things, the Commission made the new channel addition rules generally applicable only to the cable programming services tier (CPST) and unregulated services. The major exception is that the new rules will affect rates on the basic service tier when an operator offers only one tier of

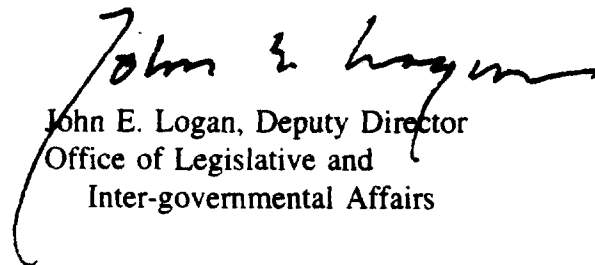
The Honorable Joel Hefley

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service. Because the new channel addition rules in most instances relate only to CPSTs, subscribers will still have the option of a low rate basic service tier. Furthermore, by limiting the new channel addition rules to CPSTs in most instances, franchising authorities should not be inconvenienced by our new regulations because the responsibility for regulating CPST rates lies with the Commission rather than with local authorities. Enclosed is a News Release that summarizes the Going Forward Order. Please let me know if you would like a copy of the text of the decision.

I hope that this response will prove both informative and helpful. Please contact us if we can be of further assistance.

Sincerely,



John E. Logan, Deputy Director  
Office of Legislative and  
Inter-governmental Affairs

Enclosure

JOEL HEFLEY  
COLORADO  
FIFTH DISTRICT



**Congress of the United States**  
**House of Representatives**

October 20, 1994

COMMITTEES  
ARMED SERVICES  
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INTERIOR AND INSULAR AFFAIRS

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The Honorable Reed C. Hundt  
Chairman  
Federal Communications Commission  
1919 M. St, N.W., Room 802  
Washington, D.C. 20554

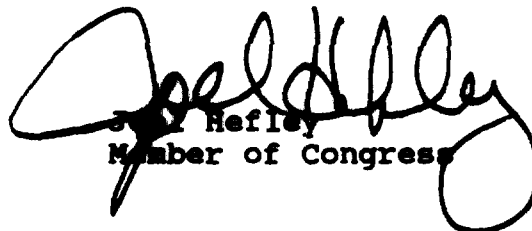
Dear Chairman Hundt:

Enclosed please find your copy of a letter I received recently from the city and county of Denver concerning the role of municipalities in cable rate regulation.

Please review and respond to Mr. Guttie's concerns. I would also appreciate it if you ~~could let me know~~ reply you might make.

Thanks for your attention to this matter.

Sincerely,

  
Joel Hefley  
Member of Congress

JH:lh

Enclosure

# City and County of Denver

OCT 18 1994



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AUTHOR	LH
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October 11, 1994

The Honorable Joel Hefley  
United States Senate  
Washington, D.C. 20510

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Dear Representative Joel Hefley:

I am writing you to ask you to immediately contact Chairman Reed Hundt of the FCC and ask him not to make the significant changes in the cable rate regulation rules that the FCC has under consideration, without first obtaining input from municipalities. Chairman Hundt and the other FCC commissioners have met repeatedly with the cable companies on these changes, but have not advised municipalities of the proposed changes or met with any municipalities or municipal groups. This raises a grave risk that any changes will be based on erroneous information that only represents the cable viewpoint.

As you know, under the 1992 Cable Act, municipalities are responsible for setting the rates for basic cable service, equipment and service calls. The FCC regulates the middle group of channels. The FCC is now considering significant changes to its rules. According to press reports and presentations at national municipal meeting, Chairman Reed Hundt has met 20 times with cable operators (apparently to discuss these changes) but only once with municipalities. Cities do not know what the proposed rule changes are, although apparently the cable companies do.

The Cable Act made municipalities equal partners with the FCC in regulating rates. It is municipalities who have to implement the FCC's rules at the local level and who have the experience from having set rates over the past year, which the FCC does not have. I am very concerned that any changes from the FCC will be so burdensome that many communities, who do not have full-time regulators like Denver, will stop regulating rates. I believe that the FCC needs to have cities input to prevent problems such as these rate changes from occurring.

The FCC apparently is considering adopting these changes in the very near future. I request that you immediately write Chairman Hundt and ask him to not implement these changes without first having met with a number of municipalities and solicited their input. For the FCC to do this simply makes sense, I mean cities are the ones who are most affected and have to enforce the rules. We are also the ones who hear from your constituents.

You should know that it is permissible for you under the FCC rules to write them about pending matters because the FCC rules do allow so-called "ex parte" contacts on pending rulemakings such as this.

Sincerely,



Chris Curtis  
Acting Director

CC/fch

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